

114TH CONGRESS  
2D SESSION

# S. 3091

To reauthorize the program of block grants to States for temporary assistance for needy families through fiscal year 2021, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

JUNE 23, 2016

Mr. KING (for himself, Ms. AYOTTE, Mr. BROWN, and Mrs. CAPITO) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To reauthorize the program of block grants to States for temporary assistance for needy families through fiscal year 2021, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4       (a) SHORT TITLE.—This Act may be cited as the  
5       “Enhancing and Modernizing Pathways to Opportunity  
6       through Work, Education, and Responsibility Act of  
7       2016” or the “EMPOWER Act of 2016”.

8       (b) TABLE OF CONTENTS.—The table of contents of  
9       this Act is as follows:

Sec. 1. Short title; table of contents.  
 Sec. 2. References.  
 Sec. 3. Extension of Program.  
 Sec. 4. Amending the Purposes of TANF Program.  
 Sec. 5. Eliminating the Marriage Penalty.  
 Sec. 6. Individualized employment plans.  
 Sec. 7. Strengthening work participation requirements.  
 Sec. 8. Streamlining work participation activities.  
 Sec. 9. Improving the accountability of TANF financial resources.  
 Sec. 10. Strengthening Transparency of TANF Program Effectiveness and Outcomes.  
 Sec. 11. Exclusion of education accounts from income and asset tests.  
 Sec. 12. Exclusion of income and resources of child receiving supplemental security income payments from family income and asset tests.  
 Sec. 13. Effective date.

## **1 SEC. 2. REFERENCES.**

2 Except as otherwise expressly provided, wherever in  
 3 this Act an amendment or repeal is expressed in terms  
 4 of an amendment to, or repeal of, a section or other provi-  
 5 sion, the reference shall be considered to be made to a  
 6 section or other provision of the Social Security Act.

## **7 SEC. 3. EXTENSION OF PROGRAM.**

8 (a) FAMILY ASSISTANCE GRANTS.—Section  
 9 403(a)(1) (42 U.S.C. 603(a)(1)) is amended by striking  
 10 “fiscal year 2012” in each of subparagraphs (A) and (C)  
 11 and inserting “each of fiscal years 2017 through 2021”.

12 (b) TRIBAL GRANTS.—Section 412(a) (42 U.S.C.  
 13 612(a)) is amended in each of paragraphs (1)(A) and  
 14 (2)(A) by striking “fiscal year 2012” and inserting “each  
 15 of fiscal years 2017 through 2021”.

16 (c) CHILD CARE ENTITLEMENT.—Section 418(a)(3)  
 17 (42 U.S.C. 618(a)(3)) is amended by striking “fiscal year

1 2012” and inserting “each of fiscal years 2017 through  
2 2021”.

3 **SEC. 4. AMENDING THE PURPOSES OF TANF PROGRAM.**

4 Section 401(a) (42 U.S.C. 601(a)) is amended—

5 (1) by striking “and” at the end of paragraph  
6 (3);

7 (2) by striking the period at the end of para-  
8 graph (4) and inserting a semicolon; and

9 (3) by adding at the end the following:

10 “(5) reduce child poverty, including the inci-  
11 dence of children living in families with incomes of  
12 less than 50 percent of the poverty line; and

13 “(6) encourage employment entry, retention,  
14 and advancement.”.

15 **SEC. 5. ELIMINATING THE MARRIAGE PENALTY.**

16 (a) ELIMINATION OF SEPARATE AND HIGHER PAR-  
17 TICIPATION RATE REQUIREMENTS FOR 2-PARENT FAMI-  
18 LIES.—Section 407 (42 U.S.C. 607) is amended—

19 (1) in subsection (a)—

20 (A) by striking all through “A State” the  
21 first place it appears and inserting the fol-  
22 lowing:

23 “(a) PARTICIPATION RATE REQUIREMENTS.—A  
24 State”; and

25 (B) by striking paragraph (2);

- 1                             (2) in subsection (b)—  
2                                 (A) in the subsection heading, by striking  
3                                 “RATES” and inserting “RATE”;  
4                                 (B) in paragraph (1)(A), by striking  
5                                 “(a)(1)” and inserting “(a)”;  
6                                 (C) by striking paragraph (2) and redesign-  
7                                 nating paragraphs (3), (4), and (5) as para-  
8                                 graphs (2), (3), and (4), respectively;  
9                                 (D) in paragraph (3) (as so redesignated),  
10                                by striking “paragraphs (1)(B) and (2)(B)”  
11                                and inserting “paragraph (1)(B)”; and  
12                                 (E) in paragraph (4) (as so redesignated),  
13                                by striking “rates” and inserting “rate”; and  
14                             (3) in subsection (c)—  
15                                 (A) in paragraph (1)—  
16                                     (i) by striking all through “For pur-  
17                                     poses of subsection (b)(1)(B)(i)” and in-  
18                                     serting the following:  
19                                     “(1) GENERAL RULES.—For purposes of sub-  
20                                     section (b)(1)(B)(i)”; and  
21                                     (ii) by striking subparagraph (B); and  
22                                 (B) in paragraph (2)(D)—  
23                                     (i) by striking “paragraphs (1)(B)(i)  
24                                     and (2)(B) of subsection (b)” and insert-  
25                                     ing “subsection (b)(1)(B)(i)”; and

(ii) by striking “in all families and in 2-parent families, respectively.”.

(b) CONFORMING AMENDMENT.—The paragraph heading for section 409(a)(3) (42 U.S.C. 609(a)(3)) is amended by striking “RATES” and inserting “RATE”.

6 (c) EQUITABLE ACCESS FOR 2-PARENT FAMILIES.—

7 Section 402(a) (42 U.S.C. 602(a)) is amended by adding  
8 at the end the following:

9                 “(8) CERTIFICATION OF EQUITABLE ACCESS TO  
10 ASSISTANCE FOR 2-PARENT FAMILIES.—A certifi-  
11 cation by the chief executive officer of the State  
12 that, during the fiscal year—

13                   “(A) 2-parent households will be eligible  
14                   for equitable access to assistance under the  
15                   State program funded under this part;

16                   “(B) eligibility for assistance will not be  
17                   conditioned on deprivation of parental presence;  
18                   and

19                   “(C) no other additional eligibility require-  
20                   ments will be imposed on 2-parent households.

21 The certification shall include a description of how  
22 the State will ensure the equitable access described  
23 in subparagraph (A).”.

1       (d) FAILURE TO MAINTAIN EQUITABLE ACCESS FOR  
2 2-PARENT FAMILIES.—Section 409(a) (42 U.S.C. 609(a))  
3 is amended by adding at the end the following:

4           “(17) FAILURE TO MAINTAIN EQUITABLE AC-  
5 CESS FOR 2-PARENT FAMILIES.—If the Secretary de-  
6 termines that a State has not complied with section  
7 402(a)(8) during a fiscal year, the Secretary shall  
8 reduce the grant payable to the State under section  
9 403(a)(1) for the immediately succeeding fiscal year  
10 by an amount equal to 2 percent of the State family  
11 assistance grant.”.

12 **SEC. 6. INDIVIDUALIZED EMPLOYMENT PLANS.**

13       Section 408(b) (42 U.S.C. 608(b)) is amended to  
14 read as follows:

15           “(b) INDIVIDUALIZED EMPLOYMENT PLANS.—

16           “(1) ASSESSMENT.—The State agency respon-  
17 sible for administering a State program funded  
18 under this part or any other State program funded  
19 with qualified State expenditures (as defined in sec-  
20 tion 409(a)(7)(B)(i)) shall conduct a comprehensive  
21 assessment of the skills, prior work experience, bar-  
22 riers to employment, and employability of each re-  
23 cipient of assistance under the program who is an  
24 adult or a minor child head of household (and, at

1 State option, any other adult who is a member of  
2 the household of such recipient).

3 “(2) CONTENTS OF PLAN.—On the basis of the  
4 assessment made under paragraph (1) with respect  
5 to an individual, the State agency, in consultation  
6 with the individual, shall develop an individualized  
7 employment plan which—

8 “(A) specifies the immediate needs of the  
9 individual;

10 “(B) describes the resources available to  
11 the individual to meet the immediate needs;

12 “(C) describes the assistance and services  
13 the State will provide to help the individual  
14 meet immediate needs;

15 “(D) sets forth an employment goal for the  
16 individual and a plan for moving the individual  
17 into employment that provides an opportunity  
18 for advancement and that, to the extent pos-  
19 sible, reflects the preferences of the individual;

20 “(E) is designed to move the individual  
21 into employment or the education or job train-  
22 ing required for employment;

23 “(F) describes any significant barriers to  
24 employment applicable to the individual, includ-  
25 ing any work-limiting disability that affects the

1 individual's ability to comply with the require-  
2 ments of section 407(c) (without regard to  
3 paragraph (2)(E) thereof), and sets forth a  
4 plan to address and accommodate such barriers;

5 “(G) sets forth the obligations of the indi-  
6 vidual, including specific benchmarks for suc-  
7 cess that will help the individual become and re-  
8 main employed;

9 “(H) may direct the individual to undergo  
10 appropriate substance abuse or other treatment;

11 “(I) describes the services necessary for  
12 the individual to comply with the plan which  
13 the State will provide to the individual; and

14 “(J) specifies a timeline for meeting the  
15 benchmarks and goals outlined.

16 “(3) TIMING.—The State agency shall comply  
17 with paragraphs (1) and (2)—

18 “(A) not later than October 1, 2017, in the  
19 case of an individual who, as of October 1,  
20 2016, was a recipient of assistance under a  
21 State program described in paragraph (1); and

22 “(B) within 60 days after the individual is  
23 determined to be eligible for assistance, in the  
24 case of any individual not described in subpara-  
25 graph (A).

1                 “(4) PERIODIC REVIEW.—The State shall meet  
2       with each individual with respect to whom an indi-  
3       vidualized employment plan is required under this  
4       subsection, not less frequently than every 6 months  
5       as long as the individual is receiving assistance  
6       under the State program described in paragraph (1),  
7       to—

8                 “(A) review the individualized employment  
9       plan developed for the individual;

10                 “(B) discuss with the individual the  
11       progress made by the individual in meeting the  
12       benchmarks and goals specified in the plan; and

13                 “(C) update the plan, as necessary, to re-  
14       flect any changes in circumstances of the indi-  
15       vidual in the preceding 6 months.

16                 “(5) INDIVIDUAL OPTION TO REQUEST MODI-  
17       FICATIONS.—In addition to the review required  
18       under paragraph (4), at any time an individual with  
19       respect to whom an individualized employment plan  
20       is created under this subsection may request, and  
21       the State shall consider, a modification of any of the  
22       contents of such plan.”.

1   **SEC. 7. STRENGTHENING WORK PARTICIPATION REQUIRE-**  
2                         **MENTS.**

3                 (a) LIMITATION ON CREDIT TOWARD WORK PAR-  
4                 TICIPATION REQUIREMENT FOR CASELOAD SIZE AND EX-  
5                 CESS STATE SPENDING.—Section 407(b)(2)(A) (42  
6                 U.S.C. 607(b)(2)(A)), as amended by section 5, is amend-  
7         ed—

8                         (1) by redesignating clauses (i) and (ii) as sub-  
9                 clauses (I) and (II), respectively, and by moving  
10                 such subclauses 2 ems to the right;

11                         (2) by striking “clause (i)” in subclause (II), as  
12                 so redesignated, and inserting “subclause (I)”; and

13                         (3) by striking “for a fiscal year by the number  
14                 of percentage points” and inserting “for a fiscal  
15                 year by the lesser of—

16                         “(i) 25 percentage points; or  
17                         “(ii) the number of percentage  
18                 points”.

19                 (b) COUNTING OF WORK PERFORMED BY INDIVID-  
20         UALS RECEIVING ATYPICAL BENEFIT PAYMENTS.—Sec-  
21         tion 407(i)(1)(A) (42 U.S.C. 607(i)(1)(A)) is amended by  
22         adding at the end the following:

23                         “(iii) RECIPIENTS RECEIVING WORK  
24                 SUPPLEMENT PAYMENTS.—Not later than  
25                 September 30, 2018, the Secretary shall  
26                 promulgate regulations to ensure that the

1 participation rate of a State under this  
2 section is determined without regard to  
3 work engaged in by an individual who has  
4 been included in the State program funded  
5 under this part under State policies that  
6 include the individual solely to increase the  
7 participation rate. Such regulations shall  
8 include individuals receiving assistance  
9 under this part that has a legitimate work-  
10 supporting purpose in the calculation of  
11 the participation rate of the State and  
12 shall—

13                 “(I) set forth the criteria for de-  
14 termining whether an individual has  
15 been included solely for such reason;

16                 “(II) set a minimum monthly  
17 dollar amount (not less than an  
18 amount equivalent to \$30 per family  
19 in fiscal year 2018) equal to or above  
20 which a work supplement payment  
21 will be treated as having a legitimate  
22 work-supporting purpose; and

23                 “(III) permit a State to appeal  
24 an unfavorable determination if the  
25 State can demonstrate that its work

1                   supplement payments have a legitimate  
2                   work supporting purpose.

3                   The regulations required under this clause  
4                   shall not be effective before fiscal year  
5                   2019.”.

6         (c) STATE OPTION TO INCLUDE SUBSIDIZED EM-  
7 PLOYMENT.—Section 407(b) (42 U.S.C. 607(b)), as  
8 amended by section 5, is further amended by adding at  
9 the end the following:

10               “(5) STATE OPTION TO INCLUDE SUBSIDIZED  
11 EMPLOYMENT.—If an individual who is not a recipi-  
12 ent of assistance under the State program funded  
13 under this part (or any other State program funded  
14 with qualified State expenditures (as defined in sec-  
15 tion 409(a)(7)(B)(i))) participates in work activities  
16 as part of a State’s subsidized employment program  
17 funded under section 403(b), the State may count  
18 the individual as a family that includes an adult or  
19 a minor child head of household who is engaged in  
20 work for the month for purposes of paragraph  
21 (1)(B).”.

22         (d) REDESIGN OF PENALTY FOR FAILURE TO SAT-  
23 ISFY MINIMUM PARTICIPATION RATES.—Section  
24 409(a)(3) (42 U.S.C. 609(a)(3)), as amended by this Act,  
25 is amended—

1                             (1) in subparagraph (A), by striking “the Sec-  
2                             retary shall reduce” and all that follows and insert-  
3                             ing “then the applicable percentage which would oth-  
4                             erwise apply with respect to the State for purposes  
5                             of paragraph (7) for the fiscal year that succeeds  
6                             the year in which the State receives notice of non-  
7                             compliance with section 407(a) shall be increased by  
8                             the penalty number of percentage points determined  
9                             under subparagraph (B) with respect to the State  
10                             for that succeeding fiscal year.”; and

11                             (2) by striking subparagraph (B) and inserting  
12                             the following:

13                                 “(B) PENALTY NUMBER OF PERCENTAGE  
14                             POINTS.—For the purposes of subparagraph  
15                             (A), the penalty number of percentage points  
16                             determined under this subparagraph with re-  
17                             spect to a State and a fiscal year is—

18                                 “(i) if the penalty was not imposed on  
19                             the State under subparagraph (A) for the  
20                             preceding fiscal year, 5 percentage points;  
21                             or

22                                 “(ii) the lesser of—  
23                                 “(I) the penalty number of per-  
24                             centage points determined under this  
25                             subparagraph with respect to the

1 State for the preceding fiscal year,  
2 plus 5 percentage points; or  
3 “(II) the number of percentage  
4 points which, when added to the appli-  
5 cable percentage referred to in sub-  
6 paragraph (A), would result in the ap-  
7 plicable percentage being 100 per-  
8 cent.”.

(e) RESCISSION OF PENALTIES FOR FAILURE TO  
SATISFY MINIMUM PARTICIPATION RATES.—Any pen-  
alties imposed with respect to a State's failure to satisfy  
the minimum participation rates described in section  
409(a)(3) of the Social Security Act (42 U.S.C. 609(a)(3))  
for any of fiscal years 2007 through 2016 that remain  
in effect as of the date of enactment of this Act are re-  
scinded, and no such penalty shall be imposed after the  
date of enactment of this Act for any such fiscal year.

## **18 SEC. 8. STREAMLINING WORK PARTICIPATION ACTIVITIES.**

19 (a) IMPROVING COUNTING OF HOURS OF WORK PAR-  
20 TICIPATION.—

1       paragraph (1), (2), (3), (4), (5), (6), (7), (8), or  
2       (12) of subsection (d)”.

3                     (2) ALLOWING STATES TO RECEIVE PARTIAL  
4       CREDIT FOR PARTIAL ENGAGEMENT.—Section  
5       407(c)(1) (42 U.S.C. 607(c)(1)), as amended by sec-  
6       tion 5, is amended—

7                     (A) by striking “GENERAL RULES—For  
8       purposes of” and inserting “GENERAL  
9       RULES.—

10                  “(A) IN GENERAL.—For purposes of”; and  
11                  (B) by adding at the end the following:

12                  “(B) PARTIAL CREDIT FOR FAMILIES PAR-  
13       TICIPATING FOR LESS THAN THE MINIMUM  
14       HOURS REQUIRED.—If a family receiving assist-  
15       ance under this part, or any other State pro-  
16       gram funded with qualified State expenditures  
17       (as defined in section 409(a)(7)(B)(i)), includes  
18       an adult or minor child head of household re-  
19       ceiving assistance who has participated in work  
20       activities for an average of 15 hours (or 10  
21       hours, in the case of a single parent specified  
22       in paragraph (2)(B)) per week during a month,  
23       the family shall count as .5 of a family for pur-  
24       poses of calculating the number described in  
25       subsection (b)(1)(B)(i) for the month.”.

1                             (3) STATE OPTION TO REQUEST ALTERNATIVE  
2                             WORK PARTICIPATION RATE CALCULATION.—Section  
3                             407(a) (42 U.S.C. 607(a)), as amended by section 5,  
4                             is amended—

5                             (A) by striking “REQUIREMENTS.—A  
6                             State” and inserting “REQUIREMENTS.—

7                             “(1) IN GENERAL.—A State”; and

8                             (B) by adding at the end the following:

9                             “(2) STATE OPTION TO REQUEST ALTERNATIVE  
10                             WORK PARTICIPATION RATE CALCULATION.—

11                             “(A) APPLICATION.—A State may apply to  
12                             the Secretary to apply subparagraph (C) with  
13                             respect to the State.

14                             “(B) APPROVAL OF APPLICATION.—The  
15                             Secretary may approve the application if the  
16                             State demonstrates to the Secretary (in accord-  
17                             ance with such guidelines as the Secretary shall  
18                             establish) that the State has systems and mech-  
19                             anisms in place to accurately record individual  
20                             hours of participation in work activities that ac-  
21                             curately reflect the number of hours of partici-  
22                             pation of the individuals required to participate  
23                             in activities.

24                             “(C) ALTERNATIVE WORK PARTICIPATION  
25                             RATE CALCULATION.—A State whose applica-

1           tion under this paragraph is approved by the  
2           Secretary shall be considered to be in compli-  
3           ance with this subsection for a month in a fiscal  
4           year if the total number of hours during which  
5           the recipients of assistance under the State pro-  
6           gram funded under this part, or any other  
7           State program funded with qualified State ex-  
8           penditures (as defined in section  
9           409(a)(7)(B)(i)), who are required to be partici-  
10          pating in work activities during the month have  
11          participated in the activities, is not less than  
12          the percentage equal to the minimum participa-  
13          tion rate in effect under paragraph (1) for the  
14          fiscal year, multiplied by the sum of—

15                 “(i) 30 times the number of the re-  
16                 cipients who are so required to participate  
17                 for an average of at least 30 hours per  
18                 week in the month (as determined by the  
19                 State); and

20                 “(ii) 20 times the number of the re-  
21                 cipients who are so required to participate  
22                 for an average of at least 20 hours per  
23                 week in the month (as so determined).”.

24                 (b) MODIFICATION TO DEFINITION AND APPLICA-  
25                 BILITY OF VOCATIONAL EDUCATION.—Section 407(d) (42

1 U.S.C. 607(d)) is amended by striking paragraph (8) and  
2 inserting the following:

3                 “(8) post-secondary, vocational, or career and  
4                 technical education (not to exceed 36 months with  
5                 respect to any individual);”.

6                 (c) MODIFICATION TO COUNTING JOB SEARCH AS  
7 WORK.—Section 407(c)(2)(A) (42 U.S.C. 607(c)(2)(A)) is  
8 amended to read as follows:

9                 “(A) COUNTING OF JOB SEARCH AS  
10                 WORK.—Participation of an individual in an ac-  
11                 tivity described in subsection (d)(6) of a State  
12                 program funded under this part or any other  
13                 State program funded with qualified State ex-  
14                 penditures (as defined in section  
15                 409(a)(7)(B)(i)) may count as all hours of par-  
16                 ticipation in a work activity for a total of 3  
17                 months. Upon exhaustion of the 3 months, par-  
18                 ticipation by the individual in such an activity  
19                 shall count towards not more than half of the  
20                 hours of participation in work activities by the  
21                 individual.”.

22                 (d) PROVIDING CHILD CARE ASSISTANCE TO COM-  
23 MUNITY SERVICE PARTICIPANT REPLACED BY JOB READ-  
24 INESS ASSISTANCE AS SEPARATE WORK ACTIVITY.—

1                   (1) IN GENERAL.—Section 407(d) (42 U.S.C.  
2         607(d)) is amended by striking paragraph (12) and  
3         inserting the following:

4                   “(12) job readiness assistance.”.

5                   (2) CONFORMING AMENDMENT.—Section  
6         407(d)(6) (42 U.S.C. 607(d)(6)) is amended by  
7         striking “and job readiness assistance”.

8                   (e) ELIMINATION OF AGE CAP ON PARTICIPATION IN  
9         SECONDARY SCHOOL ATTENDANCE.—Section  
10      407(c)(2)(C) (42 U.S.C. 607(c)(2)(C)) is amended—

11                  (1) in the subparagraph heading, by striking  
12         “SINGLE TEEN HEAD OF HOUSEHOLD OR MARRIED  
13         TEEN” and inserting “INDIVIDUAL”; and

14                  (2) by striking “who is married or a head of  
15         household and has not attained 20 years of age”.

16                  (f) ELIMINATION OF LIMITATION ON NUMBER OF  
17         PERSONS WHO MAY BE TREATED AS ENGAGED IN WORK  
18         BY REASON OF PARTICIPATION IN EDUCATIONAL ACTIVI-  
19         TIES.—Section 407(c)(2) (42 U.S.C. 607(c)(2)) is amend-  
20         ed by striking subparagraph (D).

21                  (g) MODIFICATION TO COUNTING JOB READINESS  
22         ACTIVITIES AS WORK.—Section 407(c)(2) (42 U.S.C.  
23         607(c)(2)), as amended by subsection (f), is amended by  
24         adding at the end the following:

1                 “(D) COUNTING OF JOB READINESS ACTIVITIES AS WORK.—An individual shall be considered to be engaged in work by reason of participation in an activity described in subsection  
2                 (d)(12) of a State program funded under this part or any other State program funded with qualified State expenditures (as defined in section  
3                 409(a)(7)(B)(i)) for not more than 6 months, unless the individual’s individualized employment plan under section 408(b) specifies  
4                 that continued participation in such an activity is necessary to help prepare the individual for,  
5                 or support the individual in, employment.”.

14                 (h) INDIVIDUALS WITH WORK-LIMITING DISABILITIES.—Section 407(c)(2) (42 U.S.C. 607(c)(2)), as  
15                 amended by subsections (f) and (g), is amended by adding  
16                 at the end the following:

18                 “(E) INDIVIDUALS WITH WORK-LIMITING DISABILITIES.—An individual whose individualized employment plan under section 408(b) details a work-limiting disability of the individual and includes specific benchmarks, goals, and services to accommodate such disability in moving the individual toward employment shall be considered to be engaged in work for a month

1           in a fiscal year if the individual participates in  
2           work activities in accordance with such individ-  
3           ualized employment plan for such month and is  
4           making appropriate progress toward the goals  
5           and benchmarks set forth in such plan.”.

6 **SEC. 9. IMPROVING THE ACCOUNTABILITY OF TANF FINAN-  
7 CIAL RESOURCES.**

8       (a) PROHIBITION ON USE OF FEDERAL TANF  
9 FUNDS FOR FAMILIES WITH INCOME GREATER THAN  
10 200 PERCENT OF THE POVERTY LINE.—Section 404 (42  
11 U.S.C. 604) is amended by adding at the end the fol-  
12 lowing:

13       “(l) PROHIBITION ON USE OF FEDERAL TANF  
14 FUNDS FOR FAMILIES WITH INCOME GREATER THAN  
15 200 PERCENT OF THE POVERTY LINE.—A State shall not  
16 use a grant made under this part, or any other program  
17 funded with qualified State expenditures (as defined in  
18 section 409(a)(7)(B)(i)), to provide any assistance, ben-  
19 efit, or service to a family whose monthly income, for the  
20 month in which the family applied for the assistance, ben-  
21 efit, or service, exceeds 200 percent of the poverty line  
22 (as defined by the Office of Management and Budget, and  
23 revised annually in accordance with section 673(2) of the  
24 Omnibus Budget Reconciliation Act of 1981 (42 U.S.C.  
25 9902(2))).”.

1       (b) EXPENDITURES FOR CERTAIN FAMILIES WITH  
2 INCOME GREATER THAN 200 PERCENT OF THE POVERTY  
3 LINE DISREGARDED IN APPLYING STATE SPENDING Re-  
4 QUIREMENT.—Section 409(a)(7)(B)(i) (42 U.S.C.  
5 609(a)(7)(B)(i)) is amended by adding at the end the fol-  
6 lowing:

7                     “(VI) EXCLUSION OF EXPENDI-  
8 TURES FOR CERTAIN FAMILIES WITH  
9 INCOME GREATER THAN 200 PERCENT  
10 OF THE POVERTY LINE.—Such term  
11 does not include any amount expended  
12 to provide any assistance, benefit, or  
13 service to a family whose monthly in-  
14 come for the month in which the fam-  
15 ily applied for the assistance, benefit,  
16 or service exceeded 200 percent of the  
17 poverty line (as defined in the Office  
18 of Management and Budget, and re-  
19 vised annually in accordance with sec-  
20 tion 673(2) of the Omnibus Budget  
21 Reconciliation Act of 1981 (42 U.S.C.  
22 9902(2))) in effect with respect to the  
23 month involved.”.

24       (c) MINIMUM SPENDING REQUIREMENT ON TANF  
25 CORE ACTIVITIES.—Section 404 (42 U.S.C. 604), as

1 amended by subsection (a), is amended by adding at the  
2 end the following:

3       “(m) MINIMUM SPENDING REQUIREMENT ON TANF

4 CORE ACTIVITIES.—

5           “(1) IN GENERAL.—For each fiscal year, a  
6 State to which a grant is made under this part shall  
7 expend not less than the applicable percentage of the  
8 total of the amounts paid to the State under this  
9 part and the State’s qualified State expenditures (as  
10 defined in section 409(a)(7)(B)(i)) on core program  
11 activities.

12          “(2) APPLICABLE PERCENTAGE.—

13           “(A) IN GENERAL.—For purposes of para-  
14 graph (1), the applicable percentage with re-  
15 spect to a State is the greater of—

16              “(i) the percentage of the total de-  
17 scribed in paragraph (1) which was ex-  
18 pended on core program activities by the  
19 State in fiscal year 2016; or

20              “(ii) the annual minimum percentage.

21          “(B) ANNUAL MINIMUM PERCENTAGE.—

22          For purposes of subparagraph (A), the annual  
23 minimum percentage is—

24              “(i) for fiscal year 2017, 25 percent;

25              “(ii) for fiscal year 2018, 35 percent;

1                         “(iii) for fiscal year 2019, 45 percent;  
2                         “(iv) for fiscal year 2020, 55 percent;  
3                         and  
4                         “(v) for fiscal years thereafter, 60  
5                         percent.

6                 “(3) AMOUNTS ATTRIBUTABLE TO PENALTY  
7                 FOR FAILURE TO SATISFY MINIMUM WORK PARTICI-  
8                 PATION RATES.—If a State is required to increase  
9                 its qualified State expenditures for a fiscal year to  
10                avoid the reduction under section 409(a)(7) by rea-  
11                son of section 409(a)(3)(A), the amount of any such  
12                increase which is attributable to the penalty under  
13                section 409(a)(3)(A) shall be expended on core pro-  
14                gram activities.

15                 “(4) CORE PROGRAM ACTIVITIES.—For pur-  
16                poses of this subsection, the term ‘core program ac-  
17                tivities’ means any of the following with respect to  
18                eligible families:

19                         “(A) Cash assistance to such families.  
20                         “(B) Work, education, and training activi-  
21                 ties, including transportation.

22                         “(C) Child care assistance (including  
23                 amounts transferred to the State’s Child Care  
24                 and Development Block Grant fund pursuant to  
25                 subsection (d)(1)(B)).”.

1       (d) PENALTY FOR FAILURE TO COMPLY WITH RE-  
2 QUIREMENT OF MINIMUM SPENDING ON CORE PROGRAM  
3 ACTIVITIES.—Section 409(a) (42 U.S.C. 609(a)), as  
4 amended by section 5, is amended by adding at the end  
5 the following:

6           “(18) PENALTY FOR FAILURE TO COMPLY WITH  
7 REQUIREMENT OF MINIMUM SPENDING ON CORE  
8 PROGRAM ACTIVITIES.—

9           “(A) IN GENERAL.—If, for any year begin-  
10           ning after the date that is 2 years after the  
11           date of enactment of this paragraph, the Sec-  
12           retary determines that a State has not complied  
13           with the minimum spending requirements appli-  
14           cable to such State under section 404(m), the  
15           Secretary shall reduce the grant payable to the  
16           State under section 403(a)(1) for the imme-  
17           diately succeeding fiscal year by an amount  
18           equal to 5 percent of the State family assist-  
19           ance grant.

20           “(B) REDUCTION OF APPLICABLE PEN-  
21           ALTY.—The Secretary may reduce the amount  
22           of the penalty required under subparagraph (A)  
23           based on the degree of noncompliance of the  
24           State with the requirements of section  
25           404(m).”.

9 "(aa) for fiscal year 2017,

10 the amount (if any) by which—

penditures for fiscal year  
2016;  
“(bb) for fiscal year 2018,  
the amount (if any) by which—  
“(AA) the value re-  
ferred to in item (aa)(AA);  
exceeds  
“(BB) 50 percent of  
the value referred to in item  
(aa)(BB); and  
“(cc) for any fiscal year  
after 2018, the value referred to  
in item (aa)(AA).”.

## 14 SEC. 10. STRENGTHENING TRANSPARENCY OF TANF PRO- 15 GRAM EFFECTIVENESS AND OUTCOMES.

16 (a) IN GENERAL.—Subsection (c) of section 411 (42  
17 U.S.C. 611) is amended to read as follows:

18        “(c) STRENGTHENING TRANSPARENCY ON TANF  
19 EFFECTIVENESS AND OUTCOMES

“(1) IN GENERAL.—Each State, in consultation with the Secretary, shall establish robust indicators and targets for performance in relation to such indicators, to track the effectiveness of the State program funded under this part and any other State program funded with qualified State expenditures

1       (as defined in section 409(a)(7)(B)(i)). Such per-  
2       formance targets shall apply to fiscal years 2019  
3       and beyond.

4           “(2) INDICATORS.—Each State shall consult  
5       with the Secretary to determine a robust set of indi-  
6       cators related to the State’s success in meeting the  
7       purposes of the program under this part. Such indi-  
8       cators shall include, at a minimum, the following:

9              “(A) The percentage of former adult re-  
10       ipients of assistance under the State program  
11       funded under this part or any other State pro-  
12       gram funded with qualified State expenditures  
13       (as defined in section 409(a)(7)(B)(i)) who  
14       ceased receiving assistance during the fiscal  
15       year and who, while such recipients, were work-  
16       eligible individuals, and are employed during—

17                  “(i) the 2nd quarter after exiting  
18       from the program; and

19                  “(ii) the 4th quarter after exiting the  
20       program.

21              “(B) The median earnings of such former  
22       recipients of assistance during—

23                  “(i) the 2nd quarter after exiting  
24       from the program; and

1                         “(ii) the 4th quarter after exiting  
2                         from the program.

3                         “(C) The percentage of former adult re-  
4                         cipients described in subparagraph (A)(i) who  
5                         are also described in subparagraph (A)(ii).

6                         “(D) The average number of families with  
7                         children in the State on a monthly basis who  
8                         received cash assistance funded under this part  
9                         or by qualified State expenditures (as defined in  
10                         section 409(a)(7)(B)(i)) during the fiscal year,  
11                         expressed both—

12                         “(i) as a percentage of all of the fam-  
13                         ilies in the State whose income is less than  
14                         the poverty line (as defined by the Office  
15                         of Management and Budget and revised  
16                         annually in accordance with section 673(2)  
17                         of the Omnibus Budget Reconciliation Act  
18                         of 1981 (42 U.S.C. 9902(2))) for months  
19                         during the same fiscal year; and

20                         “(ii) as a percentage of all of the fam-  
21                         ilies in the State whose income is less than  
22                         50 percent of such poverty line for months  
23                         during the same fiscal year.

1               “(E) The percentage of children in the  
2               State living in families whose income is less  
3               than 50 percent of the Federal poverty line.

4               “(F) The percentage of children in the  
5               State living in families that experienced food in-  
6               security (as defined by the Secretary of Agri-  
7               culture) at any time during the fiscal year.

8               “(3) ADDITIONAL INDICATORS.—Nothing in  
9               this subsection shall be construed as limiting a  
10               State, in consultation with the Secretary, from es-  
11               tablishing additional indicators and performance tar-  
12               gets in relationship to such indicators for purposes  
13               of measuring the effectiveness of the State program  
14               funded under this part and any other State program  
15               funded with qualified State expenditures (as defined  
16               in section 409(a)(7)(B)(i)). The State shall consult  
17               and reach agreement with the Secretary on any such  
18               additional indicators that the State plans to track  
19               and report in accordance with paragraph (4)(B).

20               “(4) TIMELINE FOR ESTABLISHING PERFORM-  
21               ANCE TARGETS FOR EACH INDICATOR.—

22               “(A) BASELINE YEAR.—For purposes of  
23               establishing performance targets under this  
24               subsection, the State shall use fiscal year 2018

1           as the baseline year from which to compare per-  
2           formance.

3           “(B) FISCAL YEARS 2019 AND BEYOND.—  
4           The State shall reach agreement with the Sec-  
5           retary in fiscal year 2017 on the performance  
6           targets for each of the indicators described in  
7           paragraphs (2) and (3), for each of fiscal years  
8           2019, 2020, and 2021. In establishing such tar-  
9           gets, the State and the Secretary shall—

10           “(i) take into account a comparison  
11           with the targets established for other  
12           States;

13           “(ii) ensure that the targets reflect  
14           differences among States in actual eco-  
15           nomic conditions, including—

16           “(I) unemployment rates and job  
17           losses or gains in particular indus-  
18           tries; and

19           “(II) characteristics of recipients  
20           of assistance, including prior work  
21           history, educational or skills attain-  
22           ment, and other factors that may  
23           present barriers to employment; and

24           “(iii) ensure that the targets promote  
25           continuous improvement by the State.

1                 “(5) REPORT ON STATE PERFORMANCE.—

2                 “(A) IN GENERAL.—Not later than Octo-  
3                 ber 1, 2018, the Secretary shall develop a tem-  
4                 plate which each State shall use to report annu-  
5                 ally on outcomes achieved under the State pro-  
6                 gram funded under this part.

7                 “(B) CONTENTS.—Each such report shall  
8                 include—

9                         “(i) the number of individuals who  
10                 exited the program during the year and  
11                 their reasons for doing so;

12                         “(ii) the characteristics of the individ-  
13                 uals who exited the program during the  
14                 year, including information about the  
15                 length of time the individual received as-  
16                 sistance under the program, the edu-  
17                 cational level of the individual, and the  
18                 work earnings of the individual in the 4  
19                 fiscal quarters preceding the individual’s  
20                 exit; and

21                         “(iii) information specifying the levels  
22                 of performance achieved on each of the in-  
23                 dicators described in paragraphs (2) and  
24                 (3).

1                 “(C) PUBLICATION.—Not later than Sep-  
2                 tember 30 of fiscal year 2019 and each suc-  
3                 ceeding fiscal year, the Secretary shall make  
4                 available electronically to the public each report  
5                 submitted under this subparagraph during the  
6                 fiscal year.”.

7   **SEC. 11. EXCLUSION OF EDUCATION ACCOUNTS FROM IN-**  
8                 **COME AND ASSET TESTS.**

9                 Section 408(a) is amended by adding at the end the  
10      following:

11                 “(13) EXCLUSION OF EDUCATION ACCOUNTS  
12      FROM INCOME AND ASSET TESTS.—In determining  
13      eligibility for assistance under this part or any other  
14      State program funded with qualified State expendi-  
15      tures (as defined in section 409(a)(7)(B)(i)), a State  
16      to which a grant is made under section 403 shall ex-  
17      clude from financial resources the value of any funds  
18      in a qualified tuition program described in section  
19      529 of the Internal Revenue Code of 1986 or in a  
20      Coverdell education savings account under section  
21      530 of such Code.”.

1   **SEC. 12. EXCLUSION OF INCOME AND RESOURCES OF**  
2                 **CHILD RECEIVING SUPPLEMENTAL SECU-**  
3                 **RITY INCOME PAYMENTS FROM FAMILY IN-**  
4                 **COME AND ASSET TESTS.**

5             Section 408(a), as amended by section 5 and section  
6    11, is amended by adding at the end the following:

7             “(14) EXCLUSION OF INCOME AND RESOURCES  
8             OF CHILD RECEIVING SUPPLEMENTAL SECURITY IN-  
9             COME PAYMENTS FROM FAMILY INCOME AND ASSET  
10           TESTS.—In determining eligibility for assistance  
11           under this part or any other State program funded  
12           with qualified State expenditures (as defined in sec-  
13           tion 409(a)(7)(B)(i)), a State to which a grant is  
14           made under section 403 shall exclude from income  
15           and assets any income or resources of a dependent  
16           child who is a recipient of supplemental security in-  
17           come benefits under title XVI.”.

18   **SEC. 13. EFFECTIVE DATE.**

19             (a) IN GENERAL.—Except as provided in subsection  
20           (b), this Act and the amendments made by this Act shall  
21           take effect on October 1, 2016.

22             (b) STATE OPTION TO ACCELERATE THE EFFECTIVE  
23           DATE OF THE AMENDMENTS RELATED TO WORK RE-  
24           QUIREMENTS.—A State may elect to have the amend-  
25           ments made by section 8 take effect with the State on

1 such earlier date as the State may elect that occurs on  
2 or after the date of enactment of this Act.

○